

## Agenda Item 5

<b>Strategic Leadership Team Lead Officer</b>	Nick Gray, Deputy Chief Executive & Section 151 Officer
<b>Author</b>	Beth Bloxsome, Senior Project and Performance Officer
<b>Telephone</b>	01306 879390
<b>Email</b>	beth.bloxsome@molevalley.gov.uk
<b>Date</b>	25 July 2019
<b>Ward (s) affected</b>	All Wards
<b>Subject</b>	Annual Governance Statement (AGS) 2019
<p><b>Recommendations</b></p> <p>It is recommended that the Audit Committee:-</p> <ul style="list-style-type: none"> <li>• Approves the AGS 2019 for inclusion in the Statement of Accounts 2018-19</li> </ul>	
<p><b>Executive Summary</b></p> <p>This report sets out the purpose of the AGS and the process followed for its development.</p> <p>There is one appendix:</p> <ul style="list-style-type: none"> <li>• Appendix A – Annual Governance Statement 2019</li> </ul>	
<p><b>Corporate Priority Outcomes</b></p> <p>Strong governance arrangements enable resources to be directed in accordance with agreed policies to deliver on the priorities set out in the Council Strategy 2019-24.</p>	
<p><b>The Committee has the authority to determine the recommendations</b></p>	

### 1.0 Background/Introduction

- 1.1 Mole Valley District Council's (MVDC) corporate governance arrangements comprise the systems, processes, cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
- 1.2 MVDC operates a governance framework which reflects legislative requirements, sound governance principles and management processes. This enables the Council to implement its vision and to engage effectively with its residents and customers and ensure good outcomes for them.
- 1.3 Local authorities are expected to use the Delivering Good Governance Framework and associated guidance, jointly published by the Chartered Institute of Public Finance & Accounting (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (Solace), as the standard for local authority governance.
- 1.4 MVDC's governance arrangements are reviewed annually against the Delivering Good Governance principles and this is then reported in the AGS which is a public report. The review is a self-assessment which involves scoring MVDC's governance arrangements from non-compliance to full compliance, using a checklist based on the

principles of the CIPFA / Solace Framework. The effectiveness review is informed by the work of MVDC senior managers who have responsibility for the development and maintenance of the governance environment. In addition, the annual report of Internal Audit and advice given by the external auditors is taken into account, and any other review agencies and inspectorates, as relevant.

- 1.5 As a result of the 2019 review of corporate governance arrangements no significant issues were identified for inclusion in the AGS. This was supported by the Head of Internal Opinion in the Annual Internal Audit Report 2018-19 (as quoted on page 3 of Appendix A). In addition, no issues for inclusion in the AGS have been raised by the External Auditor during their audit of the Statement of Accounts 2018-19.
- 1.6 No significant issues were identified, MVDC has chosen to include actions for the coming year to ensure that improvements continue to be made to the governance arrangements. These are set out on page 10 of Appendix A. An update on progress made against these actions will be reported to the Audit Committee during 2019-20.
- 1.7 It is a requirement that the AGS is signed by the Leader of the Council and the Chief Executive on behalf of the authority. The AGS 2019 was signed on 9 July 2019. The AGS is also signed off by the Chief Financial Officer to confirm that the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. This is also for the acknowledgement of the responsibility of the Chief Financial Officer for ensuring that an effective system of corporate governance is maintained and operated in connection with the resources concerned.

### **Financial Implications**

- 1.8 MVDC's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). The Financial Regulations (contained in the Council's Constitution) govern the manner in which the Council's financial activity is conducted and its financial interests are safeguarded.

### **Legal Implications**

- 1.9 MVDC's corporate governance structure is consistent with a variety of professional codes, statutes and guidance, including the principles contained in the Delivering Good Governance in Local Government Framework (CIPFA/Solace, 2016). Key elements of MVDC's governance arrangements are set out in the Council's Constitution, including legal matters and decision making.
- 1.10 The AGS has been prepared in accordance with Regulation 6 of the Accounts and Audit Regulations 2015. This sets out that the AGS must be approved in advance of the relevant authority approving the Statement of Accounts (at MVDC the 'relevant authority' is the Audit Committee as set out in Part 3 of the Council's Constitution).

## **2.0 Corporate Implications**

### **Monitoring Officer commentary**

The Monitoring Officer is satisfied that all relevant legal implications have been taken into account.

### **S151 Officer commentary**

The s151 Officer confirms that all relevant financial risks and implications have been considered in this report.

**Risk Implications**

As outlined under 'Legal Implications', the Accounts and Audit Regulations 2015 sets out that the AGS must be approved in advance of the relevant authority approving the Statement of Accounts. There is, therefore, a risk that the Committee cannot approve the Statement of Accounts if the AGS 2019 is not approved.

**Equalities Implications**

There are no equalities implications arising as a direct consequence of this report.

**Employment Issues**

There are no employment implications arising as a direct consequence of this report.

**Sustainability Issues**

There are no sustainability implications arising as a direct consequence of this report.

**Consultation**

The draft AGS was published on the MVDC website as part of the Unaudited Statement of Accounts for the Period of the Exercise of Public Rights. This is part of the statutory requirement to make the accounts and background papers available for inspection and to advertise their availability.

**Communications**

The approved AGS will be published on the MVDC website as part of the Statement of Accounts.

**Background Papers**

None.